



January 10, 2002

Honorable Scott McCallum
Governor
State Capitol
PO Box 7863
Madison, WI 53707

Dear Governor McCallum:

For several years, the condition of the State budget has steadily worsened. State government has serious financial problems that demand serious solutions.

As you know, state and local governments have had a long and often successful partnership in providing services to the citizens of Wisconsin. This letter is offered in the spirit of a new partnership between State and local government to try to find the cornerstones so that we, together, can build a better Wisconsin.

For the sake of local officials' collective spleens, it is important to succinctly recite how State government got to this point. To blame the budget crisis on the economic reverberations from September 11 is disingenuous. The cracks in State government's fiscal foundation are the result of years of poor budgetary practices and a credit card spending mentality. The included Moody's bond downgrade clearly confirms the State's record of long time poor budget practices.

Jack Welch, the great retired CEO of General Electric, has long professed the time to change is from a position of strength. Unfortunately, State government mismanaged the prosperity of the 1990's, and thus lost its moment to reinvent itself for the 21st century.

Here are some major missteps:

1. Increasing State spending substantially more than the rate of inflation.
2. Depleting the State's rainy day fund.
3. Postponing aid payments and other obligations into subsequent fiscal years.
4. Using one-time money to fund recurring expenditures, most notably tobacco and ITP.

5. A unwillingness by State government to give local government maximum flexibility in the provision of required programs and services and an inattention to performance results.
6. Relying on overly optimistic revenue projections.

In short, the fiscal condition of State government is the result of State officials who cared more about their own political agenda rather than the welfare of Wisconsin. Revenue shortfalls should have been planned for and thus the current problems would have been mitigated.

The people of Wisconsin are smart enough to understand this and strong enough to work beyond it. Don't sell short the great people of our State.

These causes need to be reiterated not to criticize anyone, but rather to set them forward as lessons learned. Planning for the future without knowledge of the past is like constructing a building without a foundation.

Thereinvention of the State can still occur if we are willing to make real decisions about our future. The recommendations of the Governor's Blue -Ribbon Commission on State -Local Partnerships for the 21st Century offer an excellent road map for this journey. However, many of these recommendations are long term in nature and State government's budget problems are immediate.

In the near term, it appears a "freeze" on local government property tax levies is gaining momentum as part of the solution. Taken alone this action contradicts local control and puts at risk the fiscal health of local governments, which have performed far better than State government through the past ten years. President Lincoln said, "You cannot strengthen the weak by weakening the strong."

Allow me to get to the essence of this letter. Local government stands ready to work with you as a full partner to try to find prudent solutions, but we will not be the scapegoat for your poor fiscal decisions. If State government wishes to pursue the concept of a freeze, then I am willing to consider it if part of the discussion includes the reduction or elimination of State mandates that drive up costs to local governments. This approach can produce a win-win in the end. If shared revenues, for example, are reduced or eliminated, and then as long as there is a corresponding reduction in our costs, it should prove to be a solution that we can all support.

A freeze would have to have adjustments for pre-existing debt and the transfer of services between governments.

Allow me to articulate several specific examples of mandates on counties that the State could eliminate:

- Relief from State court ordered placements for juvenile and adult clients.
- Freeze the State set rates for CCI's, youth corrections and mental health facilities.
- Eliminate State restrictions on court filing and other fees.
- Allow the victim -witness program to be a local decision.

- Allow for the establishment of waiting lists for all human service programs.
- Remove State probation and parole holds from county jails.
- Eliminate the statutory requirement for a fraud investigator for district attorney's.
- Allow W-2 to administer food stamps and medical assistance.
- Allow six person juries in some cases.
- Allow for the recovery of costs for kinship program.
- Allow local governments to set all fees based on local costs.
- Eliminate the Area Agencies on Aging.

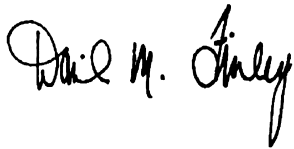
In addition, the State should enact a mandate relief act, as have other states.

Finally, in addition to these mandate tradeoffs, discussions should include de-incentives for regional solutions and expenditure restraint.

All these items in conjunction with a freeze might just be part of the answer to the budget crisis. If we don't repeat the mistakes of the past, then Wisconsin will come out of this budget crisis stronger than ever.

I stand ready to discuss these items with you immediately.

Sincerely,



Daniel M. Finley
County Executive

DMF:sh

cc: Wisconsin Counties Association
James Dwyer